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BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT  
OF THE STATE OF CALIFORNIA

In the Matter of:

THE COMMISSIONER OF BUSINESS  
OVERSIGHT,

Complainant,

v.

TODD JOSEPH KREJCI, an individual,

Respondent.

OAH CASE NO. 2018020472  
NMLS NO.: 1374025

FIRST SUPPLEMENTAL STATEMENT OF  
ISSUES IN SUPPORT OF NOTICE OF  
INTENTION TO ISSUE ORDER DENYING  
MORTGAGE LOAN ORIGINATOR  
LICENSE APPLICATION

Pursuant to Government Code section 11507, Complainant, the Commissioner of Business Oversight (Commissioner) files this First Supplemental Statement of Issues, and alleges and charges Respondent, Todd Joseph Krejci (Krejci), as follows:

**I.**

**Introduction**

1. The Commissioner licenses and regulates people engaged in the business of a mortgage loan originator (MLO) under the California Financing Law (Fin. Code, § 22000 et seq.) (CFL) and California Residential Mortgage Lending Act (Fin. Code, § 50000 et seq.) (CRMLA).

2. In addition to the reasons stated in the Statement of Issues in Support of Non-Issuance of Mortgage Loan Originator License (Statement of Issues) dated January 2, 2018, the Commissioner intends to issue an order denying Krejci's application for an MLO license pursuant to Financial Code sections 22109.1 and 50141, and 50513, subdivision (a)(2), based on the following additional facts:

a. Krejci failed to disclose in his MLO license applications (Form MU4) that he was employed as an account executive, by 20 20 Precious Metals.

b. Krejci made false statements to the California Department of Insurance (CDI) relating to his discharge of a firearm.

c. Krejci failed to disclose in his Form MU4s that he was issued a restricted license by the CDI.

## II.

### **Krejci Failed to Disclose His Employment with 20 20 Precious Metals**

3. The March 9, 2015 application submitted by Krejci to CDI for an insurance license discloses that Krejci was employed by 20 20 Precious Metals as an account executive from February 1, 2010 to April 25, 2011.

4. To become licensed by the Commissioner as an MLO, an individual must complete a Form MU4 and submit it to the Commissioner under penalty of perjury. Form MU4 requires an applicant for an MLO license to disclose his entire employment history.

5. In his Form MU4s Krejci listed a number of employers, but failed to disclose that he was employed by 20 20 Precious Metals.

6. Further, at the May 17, 2018 hearing on the Commissioner's Statement of Issues dated January 2, 2018, Krejci testified under oath that he was never employed at 20 20 Precious Metals.

## III.

### **Krejci Made False Statements to CDI Relating to His Discharge of a Firearm**

7. In a June 9, 2015 letter to the CDI Licensing Compliance Bureau, Krejci provided details regarding his criminal misdemeanor conviction for negligently discharging a firearm. Krejci states: "My family and I were at my apartment having dinner. After dinner I shot my gun up in the air. I had recently bought the gun and wanted to hear it fire."

8. At an October 5, 2015 hearing on Krejci’s application for an insurance license from CDI, Krejci testified under oath that: “My neighbor was causing issues with my wife and calling her names and, you know, racial comments to my wife. I shot my gun in the air once.”

#### IV.

##### **Krejci Failed to Disclose that He Was Issued a Restricted License by CDI**

9. After the October 5, 2015 hearing on Krejci’s application for an insurance license, CDI issued a Decision and Order dated April 11, 2016. The Decision and Order denied Krejci’s application and in lieu of a denial issued Krejci a restricted life-only agent license.

10. As stated above, to become licensed by the Commissioner as an MLO, an individual must complete a Form MU4 and submit it to the Commissioner under penalty of perjury. Form MU4 requires an applicant for an MLO license to disclose information about regulatory actions.

11. Form MU4 at Questions K(6) and (9) ask:

Has any State or federal regulatory agency or foreign financial regulatory authority or self-regulatory organization (SRO) ever:

...

(6) denied or suspended your registration or license or application for licensure . . . or restricted your activities?

...

(9) entered an order concerning you in connection with any license or registration?

Krejci only answered “yes” to this question in relation to a regulatory action by the National Futures Association. (See Statement of Issues dated January 2, 2018, p. 4, IV. Regulatory Action.)

12. Krejci did not disclose in his Form MU4s that CDI issued the Decision and Order granting him a restricted life-only agent license.

#### V.

##### **Supplemental Grounds to Deny Krejci’s Application**

13. As set forth in the Statement of Issues dated January 2, 2018, Financial Code sections 22109.1 and 50141 provide that the Commissioner shall deny an application for an MLO license unless the Commissioner makes, at a minimum, a determination that the applicant demonstrates “such financial responsibility, character, and general fitness as to command the confidence of the

community and to warrant a determination that the mortgage loan originator will operate honestly, fairly, and efficiently within the purposes of this division.” (Fin. Code, §§ 22109.1 & 50141.)

14. Financial Code section 50513, subdivision (a)(2), provides that the Commissioner may deny an MLO license if an applicant “withholds information or makes a material misstatement in an application for a license.”

## VI.

### CONCLUSION

The Commissioner finds, by reason of the foregoing, additional facts that Krejci failed to disclose in his Form MU4s that he was employed with 20 20 Precious Metals and that he was issued a restricted license by CDI. Further, Krejci made false statements to CDI relating to his discharge of a firearm.

THEREFORE, Financial Code sections 22109.1, 50141, and 50513 mandate that the Commissioner not issue a mortgage loan originator license to Krejci.

WHEREFORE, the Commissioner prays that the application for a mortgage loan originator license filed by Todd Joseph Krejci be denied.

Dated: August 8, 2018  
San Diego, CA

JAN LYNN OWEN  
Commissioner of Business Oversight

By \_\_\_\_\_  
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Enforcement Division